

Government of Pakistan
Revenue Division
Federal Board of Revenue
Inland Revenue

C.No.44/POS/IR/2021/ *118468-12*

Islamabad, *13* May 2022

Sales Tax General Order No. 17 of 2022

Subject: Tier-1 Retailers – Integration with FBR’s POS System – Amendment of STGO 01 of 2022

The procedure for reversal of bar on input tax adjustment by 60% (i.e. the exclusion), as provided for in STGO 1 of 2022 dated 03.8.2021 has been automated. STGO 1 of 2022 dated 03.8.2021 is, thus, hereby amended to the extent of reversal of bar on input tax adjustment by 60% / issuance of exclusion certificates as under;

I. Filing of application by the Registered Person:

A Registered Person whose adjustable input tax has been reduced by 60% u/s 8B(6) of the Sales Tax Act 1990, by inclusion in STGO, shall file application for removal of this bar/ for restoration of input tax adjustment. Application shall be filed through the system (IRIS) by selecting the relevant reason for the exclusion from the purview of the said section, along with any proof/ evidence in support of the application.

II. Passing of Order (Exclusion Certificate):

Once an application is submitted, it shall be examined and an order (exclusion certificate) shall be passed by the concerned Commissioner-IR in the system, after such inquiries and examination of such record, as deemed necessary by him/ her, as under;

A. Acceptance of Application (i.e. Exclusion Certificate allowed):

In the event of acceptance of the application (i.e. Exclusion Certificate allowed) by the concerned Commissioner-IR, the system shall automatically restore the input tax adjustment as per law as under;

i. Application accepted by the concerned Commissioner-IR for the reason of “Integration with FBR’s POS system”:

Restoration of input tax adjustment shall apply w.e.f. the tax period next following the tax period(s) during which the Tier-1 Retailer remained non-

60%

integrated. As already clarified by the Board, the 60% reduction in input tax adjustment (disallowance) shall apply to the tax period in which the Registered Person integrated with FBR's system, as well as, to the prior tax period(s) during which the Registered Person remained non-integrated or remained partially integrated (i.e. not all the terminals and/ or branches were integrated).

Concerned Commissioner-IR, at the time of passing the order in the system shall provide the date of integration and the system shall restore the input tax adjustment accordingly, as above.

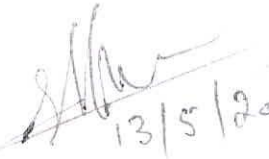
- ii. Application accepted by the concerned Commissioner-IR for the reason "Not a Tier-I Retailer as defined u/s 2(43A) of the Sales Tax Act, 1990":

In this scenario the reduction in input tax adjustment (disallowance) by 60%, shall be reversed w.e.f. from the date this bar was placed on and no tax period shall remain subjected to reduction in input tax adjustment (which was originally placed u/s 8B(6) of the Sales Tax Act, 1990).

- B. Rejection of Application (i.e. Exclusion Certificate disallowed):

In the event of rejection of the application, this reduction (disallowance) in input tax adjustment shall continue in all subsequent tax period(s), as before.

2. This procedure of automation in the hands of concerned Commissioner-IR will be effective from 10.5.2022 and cases for restoration of 60% reduction (disallowance) of input tax adjustment (excluded cases), as already communicated to PRAL by the Board, shall be managed/ implemented in the system by PRAL.



13/5/2022

Salman Ahmad Khan
Secretary POS (North)

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